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Canal Winchester has Policy in Place to Protect Investments

CANAL WINCHESTER – The safety of the Village of Canal Winchester’s investments continues to be a priority for the village, especially during these challenging economic times. The village’s finance department regularly monitors industry news and evaluates the village’s finances. Investment safeguards have been in place since 1997, when the village adopted an investment policy that preserves principal, maintains the liquidity of assets, maximizes income, and minimizes transaction costs for the village.

As part of the village’s investment policy, all of its investments must either be guaranteed by the federal government or State of Ohio, or not exceed \$100,000. Investments not exceeding \$100,000 are backed by the Federal Deposit Insurance Corporation (FDIC). As required of all subdivisions, the village’s deposits must be collateralized pursuant to the Ohio Revised Code Section 135.01. This regulation stipulates that a bank which holds public funds must purchase and hold investments by the federal government or State of Ohio totaling at least 100 percent of the investment amount. For example, if the village were to deposit \$100,000 at a bank, that bank would be required to hold at least \$100,000 in collateral such as a treasury bond to guarantee it could offset the deposit amount.

“The village takes the security of its assets very seriously and will continue to closely follow the investment policy designed to protect them,” said Nanisa Osborn, finance director for the Village of Canal Winchester.

The village’s investment policy allows the Village of Canal Winchester to invest in the following categories:

- The Ohio Subdivision’s Fund (“STAR Ohio”) as set forth in Ohio Revised Code 135.45
- Bills, notes, bonds, and other securities issued by the United States Treasury
- Obligations guaranteed by the United States
- Securities issued directly by federal agencies or instrumentalities
- Certificates of Deposit from commercial banks covered by the FDIC
- Bonds and other obligations of the State of Ohio

In accordance with its investment policy, the village currently holds bonds - but no share of stock and no mortgage-backed or asset-backed securities - with Freddie Mac and Fannie Mae. Freddie Mac and Fannie Mae were placed into conservatorship by the United States government in September, which has added an additional level of security to these investments. Since control has been transferred to the government, the companies’ AAA ratings by Standard & Poor’s have been reaffirmed.

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